

Message Text

SECRET

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ACTION SS-25

INFO OCT-01 ADP-00 SSO-00 /026 W

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P 042055 Z MAY 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 9669

S E C R E T CARACAS 3789

EXDIS

DEPARTMENT PASS SECRETARY OF TREASURY

E. O. 11652 GDS

TAGS: ENRG, VE

SUBJECT: HEMISPHERIC PREFERENCE

FOR SECRETARY OF STATE AND DEPUTY SECRETARY OF TREASURY SIMON
FROM AMBASSADOR MCCLINTOCK

REF: CARACAS 3788

1. AS REPORTED REFTEL, WE ARE RELIEVED THAT ANNOUNCEMENT IN
FEDERAL REGISTER APRIL 30 OF CONTINUED WAIVER OF HEMISPHERIC
PREFERENCE FOR NO. 2 FUEL OIL HAS AROUSED NO PUBLIC INTEREST
AS YET IN VENEZUELA AND THAT HIGH OFFICIALS OF MINISTRY OF
MINES AND HYDROCARBONS HAVE THUS FAR ACCEPTED THIS DECISION
WITH EQUANIMITY.

2. HOWEVER, IN AN INCREASINGLY HEATED PRESIDENTIAL CAMPAIGN
IN VENEZUELA THERE IS ALWAYS THE POSSIBILITY THAT SOMEONE
MAY SEEK TO MAKE AN ISSUE OF AN APPARENT CONTINUED
WITHHOLDING OF HEMISPHERIC PREFERENCE. FURTHERMORE,
PRESIDENT CALDERA HAS IT FIRMLY PEGGED IN HIS HEAD
THAT PRESIDENT NIXON MADE HIM A PERSONAL ENGAGEMENT,
FIRST TO ACCEPT 45,000 B/D OF NO. 2 FUEL OIL INDEFINITELY,
AND LATER UPPED THIS QUOTA TO 50,000 B/D.

3. IF PERCHANCE OVER THE WEEKEND OR NEXT WEEK
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THIS BLOWS UP INTO A POLITICAL STORM, I PROPOSE TO STATE
THAT PRESIDENT NIXON' S ASSURANCE OF A 50,00 0 B/ D PREFERENCE
FOR VENEZUELAN NO. 2 FUEL OIL WILL CONTINUE TO BE HONORED
BUT THAT OBVIOUSLY IF VENEZUELA CANNOT PROVIDE THAT DAILY
QUANTITY THE UNITED STATES WOULD BE COMPELLED TO LOOK TO
OTHER SOURCES OF SUPPLY TO MAKE UP THE DEFICIT.

4. THE FOREGOING IS MERELY A PRESCRIPTION FOR
PREVENTIVE MEDICINE, BUT I DO NOT WANT THIS THING
TO BE MADE INTO AN EXPLOSIVE ISSUE DURING SECRETARY' S
VISIT.

MCCLINTOCK

SECRET
NMAFVVZCZ

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*** Current Classification *** SECRET

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